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September 7, 1993

TO ALL FIELD SALES EMPLOYEES

SUBJECT: SELECT Lights Introduction Update

As we get the price rollback issues behind us, we will need to refocus our attention on the SELECT Lights introduction. As information, approximately 50 million B1G1F pack purchase trials have been made to date. Although the rollback slowed us down, product availability is running between 60% and 70% in Key and A accounts and consumer demand for the product is unprecedented for a new brand introduction.

In the past few weeks internal sales and marketing personnel have visited numerous markets to observe the SELECT Lights introduction. Obviously in this time frame the price rollback activities had to take precedent over the introduction of SELECT Lights. This delay to the full scale introduction of SELECT Lights proved valuable in collecting learning on what's working at retail and what it is not.

The following is a recap of introductory guidelines and "shared learning" of what is "working" at retail designed to assist in building on the momentum SELECT has attained through your efforts.

TRIAL

Trial of SELECT by Marlboro smokers should be our primary focus. Although the B1G1F/B5G5F will receive heavy trial from savings smokers looking for the best "deal", trial for trial's sake is not the objective. Trial by Marlboro smokers (which SELECT was designed to appeal to) offers longer term growth of the SELECT family by a consumer not just looking for a deal.

- Avoid merchandising B1G1F's in savings promotion "dump areas". In these stores the majority of trial is from "deal seekers". These consumers will buy the "new" best deal once the B1G1F's are gone and potential to retain smokers is minimized.
- Trial from Marlboro smokers will be more likely if Select is positioned on floor base and temporary counter displays near Marlboro product displays.
- PCD's, Preferred Presence units and supplemental displays will maximize full price consumer trial and potential long term conversion since most of these displays are located near other full price displays.

MERCHANDISING

Merchandising guidelines allowed you to "make the call" in implementing primary and secondary brands in all calls based on opportunity. Where Camel Special Lights is selling well, SELECT Lights should be in the secondary presence position in-store with POS and display support. Where SELECT Lights is the bigger opportunity, Camel Special Lights should receive secondary presence positioning.

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POS

The SELECT vs. Marlboro comparative POS has created a lot of noise at retail. It is critical to communicate the SELECT "Smooth Challenge" message to consumers. Marlboro smokers need to understand via the POS that we made this product for them.

- Marlboro smokers are confused by the "Smooth Challenge" POS and asking where the B1G1F is on Marlboro! This is very positive confusion since it creates awareness by Marlboro smokers of the SELECT offer.
 - The presence of the Marlboro Lights pack on the SELECT POS has been positively received by consumers. Placement of starburst's or a Ø over the Marlboro Lights pack minimizes the credibility Select has in being developed for Marlboro smokers' tastes.
 - The Winston Weekends catalogs/POS coupled with the B1G1F offer on SELECT provides a powerful incentive for adult competitive smokers to continue buying SELECT with its double "Worth It" value.
 - To support the "Smooth Challenge" message at retail, everyone was allocated support materials. These materials are available for placement to support SELECT's message. Now is the time to maximize the use of these materials since your focus during August was on our price rollback.
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|---------------------------------------|---------------------------|
| - Semi-Permanent FB Display | - NSS Easel Standee |
| - Temp. FB Display | - Starburst |
| - Semi-Permanent Pack Counter Display | - Change Mat |
| - Temporary Counter Display | - Pen/Pencil Caddy |
| - DBRC | - Spinning Pack |
| - Security Glass Arrow Decal | - Ground/Curb Mnt Sleeves |
| - 6 x 3 Banner | - Wobblers |

PRODUCT AVAILABILITY

- It is important to maintain a consistent flow of product at retail. Order numbers should be supplied to all applicable accounts to ensure reorder by the stores. Proper inventory/ordering procedures will help insure adequate product levels are maintained.
- UPC Codes and pricing for the upcoming SELECT \$2.00/20¢ promotion and reorder numbers for the B1G1F's must be communicated.
- In some markets, retailers are "assisting" in the introduction by directing competitive adult smokers to the SELECT B1G1F offer. This allows RJR to have someone promoting our brands even when we are not in the call and should be encouraged.
- Face-to-face personal selling is very effective in getting consumers to understand what SELECT is, leading to a trial purchase of the B1G1F offer.

Thank you for your support behind SELECT.

R. J. REYNOLDS TOBACCO COMPANY

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